

# **NEW HAMPSHIRE STATE LIQUOR COMMISSION**

## **MINUTES OF MEETING – SEPTEMBER 14, 2005**

**PRESENT:** Commissioners John Byrne and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Steven Slovenski, Legal Counsel; Howard Roundy, Director of Information Technology; Peter Engel, Director of Store Operations; Evie Taft, Human Resources Administrator; Richard Gerrish, Spirits Marketing Specialist; Nicole Brassard, Wine Marketing Specialist; Lt. Lisa Soiett; George Tsiopras, Chief Financial Officer; Doreen Wittenberg, Business Supervisor, Administrative Services. **Guests:** Al Picconi, Southern Wine & Spirits of N.E., Inc.; Michael Goclowski, Law Warehouses.

**EXCUSED:** Chairman Anthony Maiola; Eddie Edwards, Chief of Enforcement.

### **I. FINANCIAL & ADMINISTRATIVE REPORTS**

#### **1. Financial Reports**

##### **A. Weekly, Y-T-D Sales Reports:**

Total sales for the week ending September 11, 2005 increased on a weekly basis by 4.4% or \$295,754, and also increased year-to-date by 4.43% or \$3,847,764.

##### **B. Budget/Administrative Reports:**

Craig reported that he has completed and sent back comments to the NABCA regarding the survey book. There will not be another meeting regarding this until the end of the month. He will keep the Commission informed on any developments.

The mileage rate for travel has increased to 48.5 cents per mile effective September 1 through December 31, 2005.

The current W-6 Expense Budget Activity Variance Report shows the year to be at about 20.5% expired, with around 18% of the budget expended. Payroll is being watched closely. Benefits and utilities are looking satisfactory at this time.

The extra payment of \$.08 per mile will impact on the budget, and monies may have to be changed around to handle the extra travel expenses. Peter felt this will create issues with training sessions. Commissioner Byrne remarked that the agency may have to cut back on some programs. A letter was sent to Representative King regarding excluding Class 20 monies for Store Operations and advertising. To date there has been no reply.

The KPCM auditors will be in Accounts Receivable for a couple of weeks reviewing Commission accounts.

2. IT Report

Product category changes have been implemented for the wine program in Cluster 3 through 6 stores, with Cluster 1 and 2 stores yet to be done. A program has been developed so Nicole can review changes before they are made.

Howard Roundy asked for the Commission's direction concerning the special offers online project which is ready for implementation.

This morning IT will be implementing file transfers with Law Warehouse on the ICE server. This will eliminate the dedicated line and provide more resiliency in the system.

3. Human Resources Report

Evie reminded those present that when an injury of any sort occurs to an employee that she should be notified so she can assist by contacting those parties which need to be notified. In addition to her work number, she can be reached by phone at home or by her cell phone. If anything should happen out of state, Craig should be contacted. Lisa reported that Timothy Copeland, the Investigator who was recently injured on Route 101 outside of Epping, seems to be doing better.

Craig said all employees will be receiving through home mailings the new benefits package from Eye Med. However, they are being asked to sign up on the web using their social security numbers. The Director of Personnel is working with Eye Med to resolve this problem.

**II. MARKETING & SALES REPORTS**

1. Store Operations

Total store sales for the week ending 9/11/05 were up 3.61% or \$195,169.49. The new Keene store location was up 47% again this week.

The relocation of the power aisle and bridging of the two wine areas has been completed at Store #76 in Hampton. There were some polling errors which were resolved. The shelving is now done, and employees are very enthusiastic about the changes. The area once used by N.H. Stores has been converted to accommodate boxed wines.

The maintenance crew is currently working at the Glen location. Peter hopes for occupancy there by the last week in September.

A regional managers' meeting is being held in Conway today. Topics of discussion will include changes in the wine program, business practices and inventory levels. Evie Taft will also speak regarding personnel issues.

2. Purchasing Report: No report given.

3. Merchandising Report

A. SPIRITS:

1) Test Market Products:

a. Test Market Request (Pallini Raspicello & Peachcello):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Southern Wine & Spirits of N.E., Inc./MHW, Ltd. for new test market listings for Pallini Raspicello (assigned new Code #5523) and Pallini Peachcello (assigned new Code #5524), 750ML sizes, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Test Market Request (Three Olives Berry Vodka):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/White Rock Distilling Co. for a new test market listing for Three Olives Berry Vodka, 750ML size (assigned new Code #3981), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Test Market Request (Sgt. Peppermint Cream Liqueur):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Martignetti Companies of N.H./McCormick Distilling Co. for a new test market listing for Sgt. Peppermint Cream Liqueur, 750ML size (assigned new Code #5526), as recommended by Richard Gerrish, Spirits Marketing

Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. Test Market Request (Tequila Rose Java Cream Liqueur):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Martignetti Companies of N.H./McCormick Distilling Co. for a new test market listing for Tequila Rose Java Cream Liqueur, 750ML size (assigned new Code #5527), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

e. Test Market Request (Fernet Branca):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Martignetti Companies of N.H./Fratelli Branca for a new test market listing for Fernet Branca, 750ML size (assigned new Code #5525), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

f. Test Market Request (Le P'tit Gourmel Cognac):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Martignetti Companies of N.H./Leopold Gourmel for a new test market listing for Le P'tit Courmel Cognac, 750ML size (assigned new Code #258), to be initially distributed to Cluster 1, 2 and 3 stores only, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

g. Test Market Result (Codes #2604 & #2602):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission grant specialty item status to Code #2604, Clynelish 14-Year Old Single Malt Scotch, 750ML size and Code #2602, Caol Ila 12-Year Old Single Malt, 750ML size, each of which earned the gross profit required for specialty item consideration at the conclusion of a six-month test market period, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) One Time Buy Requests:

a. Quintessential Gin, 1.75L:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/White Rock Distillers to conduct a one-time buy of Quintessential Gin, 1.75L size (assigned new Code #3266), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Jagermeister, 200ML:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/Sidney Frank Importing Co. to conduct a one-time buy of Jagermeister, 200ML size (assigned new Code #5401), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Corazon Reposado & Blanco, 50ML:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/Sidney Frank Importing Co. to conduct a one-time buy of Corazon Reposado Tequila, 50ML size (assigned new Code #8051) and Corazon Blanco Tequila, 50ML size (assigned new Code #8060), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) 3-Month Extension (5 items)

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission take the following actions regarding the following five (5) spirits items at the end of a three-month gross profit review, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales: Code #5266, Amaretto Edolce, 750ML size – delist; Code #4938, Kapali Coffee Liqueur, 750ML size, Code #1591, Carstairs White Seal, 1.75L size and Code #5260, Chi-Chi's Mango Margarita, 1.75L size – remain in full distribution; Code #5027, 99 Apples, 750ML size – remain as a specialty item. The motion was unanimously adopted.

4) November Special Sales:

a. 2 items – Perfecta Wine Company (Nov. and Dec.):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Perfecta Wine Company, based upon depletions for two (2) spirit items, to be featured on sale during November and December 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 16 items – M.S. Walker, Inc.

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from M.S. Walker, Inc. based upon depletions for sixteen (16) spirit items, to be featured on sale during November, 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. 37 items – Executive Wine & Spirits:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Executive Wine & Spirits based upon depletions for thirty-seven (37) spirit items (including three revised offers), to be featured on sale during November, 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. 71 items – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Horizon Beverage Company, based upon depletions for seventy-one (71) spirit items, to be featured on sale during November, 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

e. 31 items – Martignetti Companies of N.H.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Martignetti

Companies of N.H. based upon depletions for thirty-one (31) spirit items, to be featured on sale during November, 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- f. 70 items (unmatched) – Southern Wine & Spirits of N.E., Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Southern Wine & Spirits of New England, Inc. based upon depletions for seventy (70) spirit items (without matching state funds), to be featured on sale during November, 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**B. WINES:**

- 1) Wine Tasting Request (M.S. Walker, Inc.):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from M.S. Walker, Inc. to conduct an in-store tasting event featuring Four Emus & Jibe wines at Store #22 Brookline on September 22, 2005 from 3:00 to 6:00 p.m., as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 2) Purchase & Introductions:

- a. Chalone Vineyards:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the purchase and introduction of four (4) Chalone Vineyard varietal wines during October and November 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- b. Clay Station Wines:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the purchase and introduction of Clay Station Pinot Grigio and Clay Station Viognier wines (with revisions in the number of absolutes and cases purchased) during

October and November 2005, but deny the purchase and introduction of Clay Station Petite Sirah and Clay Station Shiraz, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Folonari Shiraz & Chianti:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that an offer from Southern Wine & Spirits of N.E., Inc./ Frederick Wildman & Sons for the purchase and introduction of Folonari Shiraz and Chianti during October and November 2005 be tabled pending further discussion and information. The motion was unanimously adopted.

d. Zed Jakes Fault Shiraz:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny an offer from Horizon Beverage Company/Allied Domecq Wines for the purchase and introduction of Zed Jakes Fault Shiraz during October 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

e. Lindauer Brut:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from Horizon Beverage Company/Allied Domecq Wines for the purchase and introduction of Lindauer Brut (with a revision in the number of cases distributed to the stores) during October 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

f. Graffigna:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from Horizon Beverage Company/Allied Domecq Wines for the purchase and introduction of Graffigna Malbec & Shiraz (with a revision in the number of cases distributed to the stores) during October 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

g. Harvey's Amontillado Sherry:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny an offer from Horizon Beverage Company/Allied Domecq Wines for the purchase and introduction of Harvey's Amontillado Sherry during October 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

h. Zed Sauvignon Blanc:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from Horizon Beverage Company/Allied Domecq Wines for the purchase and introduction of Zed Sauvignon Blanc during October 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

i. Clos du Bois Pinot Grigio:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from Horizon Beverage Company/Allied Domecq Wines for the purchase and introduction of Clos du Bois Pinot Grigio during October and November 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Results of Purchases and Displays:

a. Red Bicyclette Rose:

As a result of the purchase and display of Red Bicyclette Rose, it was moved by Commissioner Byrne, seconded by Commissioner Russell, that absolutes of this product be placed in selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Two Princes Riesling:

As a result of the purchase and display of Two Princes Riesling, it was moved by Commissioner Byrne, seconded by Commissioner Russell,

that absolutes of this product be placed in selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Lancers:

As a result of the purchase and display of Lancers wines, it was moved by Commissioner Byrne, seconded by Commissioner Russell, that Lancers White be delisted, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. In addition, the Commission also voted to delist Lancers Red. The motion was unanimously adopted.

d. Corbett Canyon Pinot Grigio:

As a result of the purchase and display of Corbett Canyon Pinot Grigio, it was moved by Commissioner Byrne, seconded by Commissioner Russell, that absolutes of this product be placed in selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

e. Fish Eye:

As a result of the purchase and display of Fish Eye Cabernet, Chardonnay, Merlot and Pinot Grigio, it was moved by Commissioner Byrne, seconded by Commissioner Russell, that absolutes of these products be placed in selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

f. Red Diamond Wines:

As a result of the purchase and display of Red Diamond Chardonnay, Merlot and Cabernet, it was moved by Commissioner Byrne, seconded by Commissioner Russell, that absolutes of these products be placed in selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

g. Dom Chandon Riche:

As a result of the purchase and display of Dom Chandon Riche, it was moved by Commissioner Byrne, seconded by Commissioner Russell,

that absolutes of this product be placed in selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Recommended Allocated Wines for Distribution to Selected Stores;

a. 3 items:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve three (3) allocated wines for distribution to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 18 items:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve eighteen (18) allocated wines for distribution to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Recommended Allocated Wines with Subpacks (1 Absolute) for Distribution to Selected Stores:

a. 7 items:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve seven (7) allocated wines with subpacks (1 absolute) for distribution to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 16 items:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve sixteen (16) allocated wines with subpacks (1 absolute) for distribution to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 6) “R” Wines for Allocation to Licensees Selected by the Broker, and Retail Distribution (2 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve two (2) restricted wines for allocation to licensees selected by the broker, and retail distribution, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 7) Primary Source Submissions (3 exclusive agent; 30 imported):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of three (3) wine codes offered by the exclusive marketing agent and thirty (30) wine codes which are imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**III. ENFORCEMENT & LICENSING REPORT** – No report given.

**IV. CHAIRMAN’S REPORT & LATE ITEMS:**

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated September 1 through September 14, 2005. The motion was unanimously adopted.

2. Coupon Approvals: None.

3. Late Items/Other: None.

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John W. Byrne, Commissioner

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Patricia T. Russell, Commissioner

/D. Hartford

